



City of Marietta
Meeting Minutes
BOARD OF LIGHTS AND WATER WORKS

205 Lawrence Street
Post Office Box 609
Marietta, Georgia 30061

William B. Dunaway, Chairman
James W. King, Vice Chairman
Bruce E. Coyle, Resident Member
Charles L. "Chuck" George, Resident Member
Arthur D. Vaughn, Resident Member
Harlon D. Crimm, Non-Resident Member
Alice Summerour, Non-Resident Member

Monday, December 6, 2004

12:00 PM

BLW Admin.-2nd Floor Board Room

Presiding: William B. Dunaway

Present: Arthur D. Vaughn, Bruce E. Coyle, James W. King, Alice Summerour and Charles L. "Chuck" George

Absent: Harlon D. Crimm

Also Present:

Philip M. Goldstein, Council - Ward 7

Robert Lewis, Board Manager

J. Kevin Moore, Board Attorney

Stephanie Guy, Deputy Board Clerk

CALL TO ORDER AND ROLL CALL:

Vice Chairman James W. King called the meeting to order at 12:03. Chairman William B. Dunaway arrived shortly thereafter.

I. MINUTES:

20041297 Regular Meeting - November 8, 2004

Review and approval of the November 8, 2004 regular meeting minutes.

Motion to approve with the amendment that Board member Summerour, seconded by Board member George, made the motion to enter an Executive Session...

A motion was made by Board member Summerour, seconded by Board member Coyle, that this matter be Approved as Amended. The motion carried by the following vote:

Vote: 4 - 0 - 1

Approved as Amended

Abstain: 1 - Arthur D. Vaughn

Absent: William B. Dunaway

II. PRESENTATIONS:

20041328 Electric Department/ Superintendent of Technical Services

Introduction of Freddy Morgan, new Superintendent of Technical Services for the BLW Electrical Department.

Electrical Director Chuck Ward introduced Freddy Morgan as the new

Superintendent of Technical Services. Mr. Morgan previously worked for the Board of Lights and Water from 1989 to 1995 in technical services.

Introduction Made

20041331 Regulatory and Legislative Update

Regulatory and Legislative Update by Frank Crane, Director of Government and Corporate Affairs for the Municipal Electric Authority of Georgia (MEAG).

Board Manager Robert Lewis introduced Frank Crane, Director of Government and Corporate Affairs, to provide a regulatory and legislative update. Mr. Lewis mentioned that this periodic report was listed in the Strategic Plan to keep the board abreast of any items that may impact MEAG or the City of Marietta.

Mr. Crane summarized that the Government Relations Department deals with various issues on the federal, state and local levels. On the federal level, the government relations department has been closely following the national energy bill, which has come close to passing on several occasions. One of the big issues with that bill is the Federal Energy Regulatory Commission (FERC) jurisdiction. FERC wants to see a seamless interconnection of transmission lines that anyone can use, however, there is an effort to level electric prices. Currently, MEAG serves customer with competitive rates and to level out prices would mean people all over the country would be paying the same electric prices. Since gas prices have come down there should not be a national cry for congress to change the energy policy. The Clear Sky Initiative would be another issue that the House takes up, which is the president's answer to the Clean Air Act. This is a bill that the government relations department endorses that provides certainty for generators of electricity that have coal in their resource base.

On the state level, one of the issues anticipated this year is the Call Before You Dig bill. This bill would prevent the tragedy of someone being hurt when contractors dig and accidentally hit a gas line. Eminent domain is another issue coming up at the state level concerning power lines on private property. Many people do not want power lines in their backyards for safety reasons; however, studies have shown that overhead power lines are safer than those underground. Other issues coming up in the state general assembly include protection of municipal franchise fees and environmental matters. The last point was made in regards to deregulating electricity. There was an effort years ago to deregulate electricity, but the Public Service Commissions report did not convey a convincing argument to deregulate electricity in Georgia.

Board member Summerour questioned how the clear skies initiative would affect MEAG. Mr. Crane mentioned that there would be little impact since all coal burning utilities in the state currently conformed 100% to state regulations. Any additional regulation put into place in Georgia would also be put into place nationwide.

Board member King asked if the health study regarding overhead and underground power lines could be forwarded to the board for review. Chairman Dunaway asked if the study regarding mercury emissions could be forwarded as well.

Further discussion was held regarding the Federal Energy Regulatory Commission (FERC) and the proposal of a national grid.

This matter was Presented.

20041365 Municipal Electric Authority of Georgia (MEAG) 2005 Budget/ Marietta Allocation

Report on the City of Marietta/BLW allocation for the Municipal Electric Authority of Georgia (MEAG) 2005 Budget by Mary Jackson, Senior Vice President of Accounting, MEAG.

Board Manager Robert Lewis introduced Mary Jackson, Senior Vice President of Accounting with the Municipal Electric Authority of Georgia (MEAG) and John Giles, Senior Regional Manager to give an update on MEAG's 2005 budget.

Mary Jackson presented a power point presentation on the overall MEAG budget and Marietta Power's allocation of that budget for next year. Ms. Jackson stated that MEAG Power's system average cost budgeted at 5.18 cents per kWh versus 5.00 cents per kWh in the 2004 final budget. There was an increase in MWh volume of 25,700 or 0.24% and an increase in total system costs of \$21.1 million or 3.92%. The final 2005 budget for participant revenues is \$559 million with a forecasted excess renewal and replacement funds of \$6.2 million.

Board member Vaughn questioned whether the \$559 million of participant revenues included revenue from other sources. Ms. Jackson revealed that \$559 million was collected from participant; however, the total revenue from all sources equaled about \$580 million. In response to an inquiry from Council member Goldstein, Ms. Jackson stated revenues were up from last year, which is being driven mainly by the combined cycle project.

There were significant transactions impacting the final 2005 budget versus the 2004 budget. One was the debt service that showed a \$5.1 million net increase primarily due to additional debt service of \$11.7 million for combined cycle project offset by a decrease of \$6.6 million in debt services for nuclear and coal unit projects. There was a \$9.3 million decrease in cost for supplemental capacity due to the expiration of the contracts for subscribed supplemental generation resources. Operation and Maintenance (O & M) expenses increased \$16.1 million due to an increase in the number of plant maintenance outages in 2005 and a full year of combined cycle project O & M expenses. Supplemental energy purchases also increased \$16.1 million due to budgeted increases in off-system purchase for native load.

There was an increase of \$4.6 million in revenues for transmission parity credits due to an increase in the amount of MEAG's transmission investment used to calculate parity payments from Georgia Power. The net fuel burn increased \$12.2 due to the increased coal and natural gas cost as well as increased coal generation for native load and an off-system sale.

The final 2005 budget specific to Marietta Board of Lights and Water shows a slight decrease in total billings from MEAG Power. The budgeted cents per kWh is 5.437 versus 5.512 for 2004, which is a 1.4% decrease. The budgeted increase in MWh's is 14,843 or a 1.3%, which leads to a budgeted decrease in billing of \$63,823.

Board member Vaughn questioned the year-end settlement Marietta receives from MEAG. Ms. Jackson mentioned that those dollars come from the fixed costs, which include operation and maintenance and debt service. Answering a question posed by Council member Goldstein, Ms. Jackson stated that costs associated with the combined cycle project are only billed to combined cycle participants.

Marietta will experience billings due to the increased cost of coal and the greater availability of coal units, in addition to an increase in combined cycle project billings of \$1 million due to a full year of debt service and operation and maintenance. There is an expected increase in revenues of \$1 million due to increased sales of surplus project energy to other MEAG Power participants. As well as, a decrease in transmission billings of \$0.4 million due to a decrease in budgeted asset usage as a percent of the system.

Discussion was held regarding the sale of excess reserve capacity and at what rate the excess should be sold. Board Manager Lewis explained that MEAG requires each participant to have a 15% reserve margin. Any excess reserve capacity could be sold at today's market rate or could be held and sold at a later date for the market rate at that particular time.

Board Manager Lewis summed up the presentation by Mary Jackson regarding the comparison of the 2004 budget versus the 2005 budget. Mr. Lewis mentioned the year-end settlement Marietta received this year from MEAG totaled \$2.6 million, which was used to reduce expenditures in the BLW budget. An estimated \$2.7 million settlement is expected next year although \$1.8 has been calculated for the first nine months. The MEAG telecom projects are budgeted for \$63,000 versus the \$66,000 spent last year.

This matter was Presented.

III. APPEARANCES:

IV. BLW OPERATING DEPARTMENTS:

Customer Care / Utility Marketing:

Electrical:

Internal Services:

20041329 Excess Reserve Capacity Sales

Motion to approve recommended agreements for the sale of excess reserve capacity for the summer peak period to the cities of Thomaston, Monticello and Barnesville.

Herb Edwards, Internal Services Director, presented a request for the sale of excess reserve capacity. Marietta expects to have approximately 10,800 kilowatts (10.8 megawatts) of excess reserve capacity for the summer peak period after recognizing the sale of 4,275 kW of reserves to the Albany Water Gas and Light Commission. Three cities, Barnesville, Monticello and Thomaston, have agreed to purchase reserves of 2,298 kW, 155 kW and 3,273 kW respectively at a price of \$13 per kW-year. These sales would produce revenues totaling \$74,438.

Discussion was held regarding language in the contracts about paying costs incurred by MEAG Power as a direct result of the transaction. John Giles stated that the language was added as a protection clause; however, MEAG does not collect any fee as a result of this transaction.

A motion was made by Board member King, seconded by Board member Vaughn, that this matter be Approved. The motion carried by the following vote:

Vote: 6 - 0 - 0

Approved

Water & Sewer:

20041233 Water Service Rates Increase/ MBLW Policy No. 3.20

Motion to adopt Marietta Board of Lights & Water Policy No. 3.20, Water Service Rates, as amended.

Water and Sewer Director Robert Snelson presented a request to increase water service rates as described in MBLW Policy No. 3.20. He explained that effective on January 1, 2005, there will be a 2½% cost increase per 1000 gallons on the wholesale rate for water that we purchase from the Cobb County - Marietta Water Authority. The increase is the same as experienced in previous years and the Authority forecasts the same increase through 2015. Previous Board action has been authorization of a pass-through of the additional cost to a similar increase to the BLW retail rates established for customers.

Discussion was held regarding the length of time the policy would be in effect. Mr. Snelson pointed out that the timeframe would be one year and at that time the policy would be reviewed and adjustments made as needed. Board member King referred to a past resolution concerning water service rates and questioned

whether it was still in effect. Board Attorney Kevin Moore stated that any past resolution regarding this matter would no longer be in effect if rate structures were modified. It would not be feasible to adopt an ongoing resolution since rates change so frequently.

Further discussion was held regarding the conservation requirements mandated by state law. Mr. Lewis mentioned that BLW would look at that issue once the cost of service phase of the project begins. State law has mandated that conservation prices be put into place, yet BLW's rates today are declining block rates. This means the more you use the less you pay. The rates would have to be restructured in the future then inverted. This would be a huge impact of large water users and potentially mean the loss of customers, which would be dealt with at that time.

A motion was made by Board member Coyle, seconded by Board member King, that this matter be Approved. The motion carried by the following vote:

Vote: 6 - 0 - 0

Approved

20041234 Sewer Service Rates Increase/ MBLW Policy No. 3.22

Motion to adopt Marietta Board of Lights & Water Policy No. 3.22, Sewer Service Rates, as amended.

A motion was made by Board member Vaughn, seconded by Board member King, that this matter be Approved. The motion carried by the following vote:

Vote: 6 - 0 - 0

Approved

20041235 Water Monthly Minimums Increase/ MBLW Policy No. 3.24

Motion to adopt Marietta Board of Lights & Water Policy No. 3.24, Water Monthly Minimums, as amended.

A motion was made by Board member Summerour, seconded by Board member Coyle, that this matter be Approved. The motion carried by the following vote:

Vote: 6 - 0 - 0

Approved

20041330 Approval of Easements/ Sope Creek Sewer Rehab and 2004-05 Water System Improvements Projects

Motion for approval of the required easements for the Sope Creek @ Rigby Street Sewer Rehabilitation Project and the 2004-05 Water System Improvements Project.

Robert Snelson requested approval of easements associated with the Sope Creek Sewer Rehab. and the 2004-05 Water System Improvement Projects listed below.

Sope Creek @ Rigby Street Sewer Rehab. Project

Cobb County Habitat for Humanity 6,232 SF Perm. \$1.00

3,738 SF Temp.

Janice Bedford 480 SF Perm. \$1.00

843 SF Temp.

Ruby Grogan	978 SF Perm.	\$1.00
	1,409 SF Temp.	
Walter Camp	897 SF Perm.	\$1.00
	1,044 SF Temp.	
Joseph and Angela Spencer	1,163 SF Perm.	\$1.00
	1,293 SF Temp.	
Perry and Diana Hilderbrand	491 SF Perm.	\$500.00
	865 SF Temp.	
Estate of Florence Barrows	1,465 SF Perm.	\$1.00
	821 SF Temp.	
Thomas C. Tabor	559 SF Perm.	\$1.00
	1,723 SF Temp.	
Thomas C. Tabor	1,221 SF Perm.	\$1.00
	1,435 SF Temp.	
Cobb Housing, Inc.	554 SF Perm.	\$1.00
	1,106 SF Temp.	
2004-2005 Water System Improvements		
Joseph J. Armistead	650 SF Temp.	\$1.00
James W. Clabby	600 SF Temp.	\$600.00
Christopher T. Baughan	650 SF Temp.	\$800.00
Barbara B. Lamb	175 SF Temp.	\$1.00
Warren Carmon	120 SF Perm.	\$1.00
Michelle J. Lawley	165 SF Temp.	\$900.00
Joan T. Hayden	560 SF Temp.	\$1.00
Kim Hollingsworth	180 SF Temp.	\$1.00

Board member Vaughn questioned the difference between the other easements and for Perry and Diana Hilderbrand. Mr. Snelson answered that the Hilderbrand's would be paying landscaping costs.

Motion to approve the easements required for the Sope Creek at Rigby Street Sewer Rehab. Project and the 2004-05 Water System Improvements Project, with the inclusion of the City of Marietta granting the easements associated with the Sope Creek at Rigby Street Sewer Rehab. Project.

A motion was made by Board member Coyle, seconded by Board member King, that this matter be Approved. The motion carried by the following vote:

Vote: 6 - 0 - 0

Approved

V. CENTRALIZED SUPPORT:

Finance:

20041265 BLW Finance Reports for December 2004

The November Finance Reports will not be ready for the December 6, 2004

regular meeting, but will be distributed upon completion.

No Report

Management Information Systems:

VI. COMMITTEE REPORTS:

VII. CHAIRPERSON'S REPORT:

VIII. BOARD ATTORNEY'S REPORT:

Board Attorney Kevin Moore mentioned that the sell of Marietta FiberNet is proceeding as scheduled and should be finalized by the end of the year.

IX. BOARD MANAGER'S REPORT:

20041332 BLW Board Strategic Business Plan

Status Reporting for the BLW Board Strategic Business Plan Goals and Objectives.

Robert Lewis offered a status report on the BLW Board Strategic Business Plan. The status of each objective was determined along with the percent completed. The two items to be completed in December 2004 were identifying key business partners and certain human resources matters, objective 2B and 3C respectively. Mr. Lewis stated that work has begun on these two projects and should be completed by the end of the year.

Board member Coyle pointed out that objective 7A concerning the regulatory and legislative update was completed today.

This matter was Reported.

20041366 Georgia Public Web (GPW) Board Nomination

Action on decision regarding nomination of individual to serve on the Georgia Public Web (GPW) Board of Directors to fill vacancy resulting from Ed Godshall's resignation.

Board member Chuck George was nominated to serve on the Georgia Public Web Board but would be unable to do so due to a conflict of interest. Chairman Dunaway remarked that John Kane would be a qualified candidate to replace Board member George. Board Manager Lewis affirmed that Mr. Kane would be an excellent candidate to ensure Georgia Public Web meets the interests of Marietta.

Discussion was held regarding Mr. Kane's opinion of Georgia Public Web.

Motion to nominate John Kane to serve on the Georgia Public Web (GPW) Board of Directors.

A motion was made by Board member King, seconded by Board member Summerour, that this matter be Approved. The motion carried by the following vote:

Vote: 6 - 0 - 0

Approved

Board Manager Lewis explained that the previous action was nominating a candidate for the Georgia Public Web (GPW) Board. The member cities of GPW would vote on the nominees during the month December to fill two vacant seats. Marietta would need to appoint two individuals as voting representatives to vote Marietta's share in GPW.

A motion was made by Board member King, seconded by Board member Vaughn, to suspend the rules of order to add an agenda item regarding voting delegates for the Georgia Public Web Board. The motion carried by the following vote:

Vote: 6 - 0 - 0

Approved

20041410 Georgia Public Web Voting Delegate

Motion to nominate Robert Lewis as voting delegate and Herb Edwards as alternate voting delegate for the Georgia Public Web Board.

A motion was made by Board member Vaughn, seconded by Board member Summerour, that this matter be Approved. The motion carried by the following vote:

Vote: 6 - 0 - 0

Approved

X. OTHER BUSINESS:

XI. EXECUTIVE SESSION (at the Board's discretion):

20041362 Executive Session

Motion to enter an Executive Session to discuss legal, real estate and/or personnel matters.

A motion was made in open Session by Board member Summerour, seconded by Board member Vaughn, to enter Executive Session to discuss personnel matters. The motion carried by the following vote:

Vote: 6- 0 - 0

Approved

For: William B. Dunaway, James W. King, Bruce E. Coyle, Charles L "Chuck" George, Arthur D. Vaughn and Alice Summerour

The Executive Session was held (the Chairman's affidavit is attached hereto as Attachment A).

A motion was made in open session by Board member Vaughn, seconded by Board member King, to close the Executive Session. The motion carried by the following

Vote: 6 - 0 - 0

Approved

For: William B. Dunaway, James W. King, Bruce E. Coyle, Charles L "Chuck" George, Arthur D. Vaughn and Alice Summerour

ADJOURNMENT:

The meeting was adjourned at 1:48 p.m.

Approved by City Council:

Date: November 8, 2004

William B. Dunaway, Mayor

Attest: _____
Shelia R. Hill, City Clerk

Approved by Board of Lights and Water:

Date: _____

William B. Dunaway, Chairman

Attest: _____
Shelia R. Hill, Board Clerk